

Message Text

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12

ACTION EUR-12

INFO OCT-01 NEA-06 ISO-00 SP-02 AID-05 EB-07 NSC-05 RSC-01

CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 CIAE-00

COME-00 FRB-01 INR-05 NSAE-00 XMB-02 OPIC-03 LAB-01

SIL-01 PA-01 PRS-01 USIA-06 AGR-05 /084 W

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R 190958ZNOV 74

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 1543

INFO AMEMBASSY LONDON

AMEMBASSY ABU DHABI

AMEMBASSY DOHA

LIMITED OFFICIAL USE KUWAIT 4982

E.O. 11652: N/A

TAGS: EFIN,KU,UK

SUBJECT: GOVERNOR BANK OF ENGLAND DENIES PLAN TO DEVALUE STERLING

REF: KUWAIT 4827 (NOTAL)

BEGIN UNCLASSIFIED

1. CLOSELY FOLLOWING BRITISH ANNOUNCEMENT THAT STERLING GUARANTEES WOULD BE ALLOWED TO EXPIRE (REFTEL) GOVERNOR BANK OF ENGLAND VISITED KUWAIT NOVEMBER 17-18. DURING BRIEF PRESS CONFERENCE PRIOR TO HIS DEPARTURE THE GOVERNOR, GORDON RICHARDSON, SAID THAT HMG DID NOT RPT NOT INTEND DEVALUE POUND AND THAT THERE WAS NO CONNECTION BETWEEN EXPIRATION OF STERLING GUARANTEES AND HIS VISIT TO KUWAIT.

2. RICHARDSON WOULD ONLY SAY THAT IT HAD BEEN SEVEN YEARS SINCE HE HAD BEEN TO KUWAIT AND THAT HE WISHED TO EXCHANGE VIEWS ON FINANCIAL MATTERS. WHILE IN KUWAIT RICHARDSON MET WITH CROWN PRINCE/PRIME MINISTER, MINISTER FINANCE AND OIL, GOVERNOR
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KUWAIT CENTRAL BANK AND HEAD OF KUWAIT FUND FOR ARAB
ECONOMIC DEVELOPMENT. ACCORDING TO RICHARDSON HIS SOLE INTEN-
TION WAS TO SEE, LEARN, LISTEN AND OBSERVE.
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3. COMMENT: WHETHER OR NOT RICHARDSON VISIT HERE SO SOON AFTER
ANNOUNCEMENT RE EXPIRATION OF STERLING GUARANTEES WAS
COINCIDENTAL AND AS BENIGN AS HE CLAIMED, KUWAITI PUBLIC WILL
FIND IT HARD TO BELIEVE TALKS HELD HERE WERE SO COMPLETELY
NON-SUBSTANTIVE. IN FACT, ONE PAPER DESCRIBED RICHARDSON PRESS
CONFERENCE AS A FIASCO BECAUSE OF ITS RATHER SHORT LENGTH
AND APPARENT NERVOUSNESS OF BRITISH AMBASSADOR THAT SOME SECRET
INFORMATION WOULD BE REVEALED.

4. BRITISH AMBASSADOR AND UK EMBOFFS HAVE BEEN DOWNPLAYING
SIGNIFICANCE OF DECISION NOT TO RENEW STERLING GUARANTEES,
AS INDEED, DID RICHARDSON HIMSELF. PERHAPS AS RICHARDSON POINTED
OUT TO PRESS GUARANTEES DID ONLY COVER SMALL PORTION TOTAL
INVESTMENTS IN UK. NEVERTHELESS, IT APPEARS THAT MOVE WAS
PSYCHOLOGICALLY DAMAGING TO KUWAIT, AND WE WOULD NOT BE
SURPRISED TO SEE ACCELERATION OF TREND OF PLACING GREATER
PORTION KUWAITI INVESTMENTS IN US AND LESS IN UK AS RESULT
RECENT DEVELOPMENTS.
STOLTZFUS

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NNN

*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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